

Pierre Poilievre, photographed among the mountains near Banff, Alberta



# Building Canada through freedom Pierre Marcel Poilievre

Although we Canadians  
seldom recognize it, the most  
important guardian of our living standards is freedom: the  
freedom to earn a living and share the fruits of our labour with  
loved ones, the freedom to build personal prosperity through risk  
taking and a strong work ethic, the freedom of thought and  
speech, the freedom to make personal choices, and the collective  
freedom of citizens to govern their own affairs democratically.

Pierre Poilievre was born in Calgary  
and is in the second year of a  
commerce program at the University  
of Calgary.

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## Who is Pierre Poilievre?

Pierre is a self-confessed political junkie with a passion for public debating and a special  
interest in international relations. He wants to pursue a career in business, and enjoys  
hiking in the nearby Rocky Mountains with his pet corgi, Champ.



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Government's job is constantly to find ways to remove itself from obstructing such freedoms. Human beings are graced with the gifts of creativity, wisdom, and ingenuity. The best way for a society to go about improving its living standards is to allow citizens to apply these qualities to the challenges of everyday life. Asking a Prime Minister to single-handedly improve the living standards of 30 million of the world's brightest is about as realistic as asking him to take to an Olympic sprinting track to help a line-up of world-class athletes reach the finish line. The more the government becomes involved in the race, the greater the number of hurdles competitors will encounter.

Therefore, as Prime Minister, what I would *do* to improve living standards is not nearly as important as what I would *not* do. As Prime Minister, I would relinquish to citizens as much of my social, political, and economic control as possible, leaving people to cultivate their own personal prosperity and to govern their own affairs as directly as possible.

#### ECONOMIC GROWTH AND FINANCIAL FREEDOM

A nation's living standards are intimately connected to its productivity, average disposable income, and economic growth. All of these factors have suffered in Canada over the past several years. In fact, in terms of productivity growth, Canada placed dead last in the G7 between 1974 and 1998. More depressing is the fact that more people live below Statistics

Canada's low-income cut-off line (LICO line) than five years ago. This at a time when a growing number of our brightest young people are fleeing to the United States, where they see more opportunity. To reverse these trends, Canada must capitalize on its innovation by allowing investment to flow unhindered through the economy. If we are to retain our brightest minds, we must allow skilled workers to earn rewarding salaries, without losing half of their earnings to a punitive tax regime. Finally, we must ensure that economic conditions are ripe for job creation, so that low-income Canadians can gain the pride of stable employment.

Canada can accomplish these objectives through a sweeping program of tax relief. Ideally, this relief would be implemented drastically and immediately. However, an incremental approach is required to ensure stability and affordability. As Prime Minister, I would undertake a three-pronged plan to empower taxpayers.

The first step is to recognize that Canada is blessed with some of the most educated and skilled entrepreneurs in the world. However, our ability to capitalize on this resource is obstructed by the difficulty business people face in attracting investment. Acquiring capital is essential to a firm's ability to finance new technology and engage exceptional employees. The wages and working conditions of those employees are also correlated to capital formation. For example, if companies were able to raise more dollars when offering shares or

bonds, they could afford to increase the magnitude of their operation, which would then require more labourers. The law of supply and demand dictates that an increased need for employees naturally drives wages up and unemployment down. Higher wages result in improved living standards for labourers.

Through its tax on capital gains, the government impedes this process and penalizes successful investors. The capital gains levy takes a portion of an entrepreneur's earnings on the sale of an asset. Consequently, it is more expensive to invest in new opportunities. Because the capital gains tax applies each time an investor sells one asset to purchase another, investors are forced to pass up potential buying opportunities. As a result, the process of capitalization takes longer, and new ideas are slower in coming to fruition. This phenomenon is known as the "lock-in" effect. It is responsible for billions of dollars in unrealized capital and thousands of missed opportunities for investors to make money and build the economy.

As Prime Minister, I would free the eagle from its cage. By eliminating the capital gains tax, we could liberate billions of dollars in locked-in investment, allowing Canada's world-class entrepreneurs to cultivate a more prosperous nation. The resulting increase in economic activity would likely make the exercise revenue-positive for the government. In the event that it is not, I would eliminate all forms of corporate subsidies to cover the difference. This act would require humility, as it would reduce the span of my control over the economy and return power to citizens everywhere. The philosophy of my government would be that a dollar left in the hands of consumers and investors is more productive than a dollar spent by a politician or bureaucrat.

The second component of my program of financial freedom would be targeted at those who need it most: Canada's less fortunate. These Canadians would benefit indirectly from the elimination of the capital gains tax, through enhanced job opportunities and strengthened wages. However, as a nation we must also have the compassion to address the crushing burden of taxes paid directly by the working poor. As

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Prime Minister, I would mitigate this imposition by raising the personal exemption. This relief would benefit all taxpayers, but particularly the poor. Currently, the exemption of \$6,500 places unrealistic expectations on lower-income working people.

As Prime Minister, I would set in motion a trend of a continuously rising personal exemption. The bar at which Canadians would begin forfeiting their income to the government would ascend higher each year. To institutionalize this concept and ensure its sustainability, I would connect the exemption to economic growth. My government would increase the personal exemption by the same percentage that the economy grows in any given year. For example, if economic growth is three per cent in a year when the personal exemption is \$10,000, the exemption would jump to \$10,300. The result would be that taxpayers (especially low-income taxpayers), not the government, would feel the rewards of our nation's economic gain. And to ensure that growing prices do not swallow these savings, I would also adjust the exemption to match the annual rate of inflation.

Third, I would recognize that payroll taxes are a ball and chain attached to the ankles of all working people. Payroll taxes come in the form of the Canada Pension Plan (CPP) and Employment Insurance (EI). Premiums on both have quickly risen. These taxes erode the income of wage earners, some of whom are struggling to provide for themselves and their families. Because the employer is required to pay half, it also becomes more expensive to hire workers and create new jobs.

Interestingly enough, however, there are resources available to significantly reduce this punishing burden. It is projected that the program could fill government coffers with a \$20 billion annual surplus by the 2000-01 fiscal year. Past surpluses were not set aside for rainy days, but shifted instead into the general revenue stream for spending purposes. This scheme is fundamentally unjust to working Canadians, who expect all their premiums to be devoted to securing their living standards in the event of job loss. As Prime Minister, I would

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reduce EI premiums progressively to a sustainable level, with small portions set aside for periods of recession, when unemployment is more formidable. Any surplus above and beyond what is needed for the EI program would be returned to the people who earned it. Workers and employers would receive a rebate, which would refund the government's actuarial miscalculation, plus interest.

All of this would be impossible without a leader willing to make difficult choices. If my government were to drastically reduce taxes, I would need to streamline or eliminate items of expenditure to make up the difference. It is impractical to name all of those items here: the list would be too long. Instead, I will share my philosophical approach to dealing with this challenge. My government would dissect every significant expense and ask one simple question: "Would the money be better spent if left in the hands of the workers and entrepreneurs who earned it?" If the answer is yes, the pending program would disappear.

These measures would shift resources away from the unproductive and towards the productive. The rewards for citizens would include an improved quality of life and a new standard of independence from the state. Engendered by this independence would be a spirit of hard work and entrepreneurship that could cultivate Canadian living standards. When the poor or unemployed realize that they can earn a decent wage, without forfeiting large sums to a distant bureaucracy, they will be empowered to make greater efforts. A more productive economy, powered by recovering consumers and investors, will provide jobs for the unemployed. And those gifted Canadian innovators with new approaches to conducting business or providing services will enjoy a more investment-friendly environment in which to raise capital. All of these benefits would accrue to society because of financial freedom from government.

#### DEMOCRATIC FREEDOM

Canada's democracy is only as sound as the institutions that uphold it. Unfortunately, through neglect and antiquated traditions,

Canadian political institutions have caused our democracy to wither. The upper chamber of Parliament is impotent and outdated. Almost all of our most powerful civil servants and judicial officials are appointed by one individual. So too are the members of the Senate. This system opens itself to patronage, as it detaches a government from its people. A government that is not directly guided by the wishes of its citizens will fail to secure the freedoms of those citizens. And, as we have seen above, less freedom results in weaker living standards.

At the core of the problem is the concentration of power in the hands of the head of government. As Prime Minister, I would look to find ways to empower citizens, while reducing my own span of control. My objective would be to make the ballot box, not the Prime Minister's Office, the most powerful institution in Canada.

#### REFRESHING PARLIAMENT

Canada's Parliament is currently dominated by one individual, whose party gained the confidence of only 38 per cent of Canadians in the last election. Two-thirds of the governing caucus currently represent ridings in only one province – Ontario. This leaves a large number of disenfranchised voters. However, the Prime Minister has the power to ignore the interests of these people. Because of our bicameral system, Canada has a remarkable opportunity to remedy such democratic stagnation. My first action as Prime Minister would be to propose a completely original arrangement for the Senate.

Each province would be allotted one senator, with one additional senator hailing from the territories. Elections would be held every six years, making it a less political body. However, concerns would arise over the fact that a populous province like Ontario would have merely the same representation as Prince Edward Island. To soothe this concern, I would alter the rules that determine how bills are passed into law. Any major piece of legislation would require the support of at least seven of the senators, representing a combined 50 per cent of the national population. Legislation would be considered important if it involved things like

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budgetary matters, declarations of war, national economic policy, international agreements, etc. This legislative formula is almost identical to the amending formula of the Constitution.

Such a system would address all the legitimate concerns raised about other proposals for Senate reform. Critics of the triple-E Senate (elected, equal, and effective) argue that it gives equal powers to provinces that have significant population disparities. Under my suggested changes, bills would require the support of at least one of Canada's two largest provinces, along with significant support in both the Atlantic provinces and the West. The government would have to negotiate with all regions prior to moving ahead with a major initiative. Influence over the government would derive from across the country, not just from one region – and certainly not just from the Prime Minister's Office.

After reforming the upper house, I would take my case for democracy to the House of Commons. A system of voter recall would be enacted to ensure that members of Parliament were accountable to their constituents. Under this system, a representative would be forced to resign and seek re-election in the event that, over a period of three months, 40 per cent of voters in the riding signed a recall petition. This would put voters in command of legislators, not the other way around.

Finally, I would make a personal commitment. I would resign after serving my second term in office. The beauty of genuine democracy is that it permits average citizens to serve their country in public office. Politics should not be a lifelong career, and elected officials should not be allowed to fix themselves in the halls of power of a nation. If they are permitted to do so, politicians will devote their time to finding ways to perpetuate their own power, as opposed to

building on the freedom of their country. Therefore, I would institute a limit of two terms for members of Parliament, and return the House of Commons to tax-paying citizens.

All of these changes would be geared towards expanding the scope of citizen involvement in the democratic process. The only way for people to protect their freedom from government is to have direct democratic control over their government. As Prime Minister, I would happily invest my faith in the wisdom of Canadian citizens.

#### CONCLUSION

Anyone who accepts the idea of granting citizens greater control over their government and personal affairs must also have confidence in the strength of the human spirit. Canada is the greatest nation on Earth because of the individuals that compose it. If they are granted greater personal and financial liberty, there are no bounds to the progress Canada will achieve in the coming century.

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## How would you vote?

Will Pierre get your vote? Will he enhance our living standards? Does his case for democracy make the grade? Vote @ [www.asprimeminister.com](http://www.asprimeminister.com).